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Central Intelligence Agency



Washington, D.C. 20505

Libyan Sanctions Update #1

7 March 1986

This report was prepared by the West European Division, Office of European Analysis. Questions and comments are welcome and may be addressed to [redacted] Deputy Division Chief, or [redacted] Senior Analyst, West European Division, [redacted]

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Scope Note

This is the first in a series of monthly reports that will track available information on what selected countries -- and companies or citizens of these countries -- are doing to support or undercut US economic sanctions against Libya. As the first report, this issue collates all information available since US sanctions were announced last January. Future updates will report only new information that becomes available. The report is not intended to be a compilation of all economic activity between these selected countries and Libya; it will record only actions related to US sanctions. [REDACTED]

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Overview

Many countries have expressed sympathy for US sanctions against Libya and a number have publicly discouraged their firms from taking over business left behind by departing US companies. Moreover, our major allies and a number of neutral countries have agreed to stop exports of arms to Libya. Only Canada, Italy, and West Germany, however, have taken concrete action to limit non-military economic relations with Libya and none has implemented broad sanctions similar to those imposed by the United States -- many countries have publicly refused to do so. In addition, no foreign countries have instituted legal measures to prohibit private firms filling in for US companies.

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Although moral suasion by our Allies and other countries has helped to limit filling-in, a number of foreign firms are nonetheless moving in on previous US business. US oil service companies and most US technicians apparently are being replaced by firms and personnel from a number of West European countries, particularly France, the United Kingdom, and West Germany. Foreign companies with the appropriate capabilities will probably continue to replace oil equipment sales and services disrupted by US sanctions because service opportunities elsewhere are declining. In addition, foreign firms, including those from South Korea, Spain, and Japan, have expressed interest in -- or have actually replaced -- previous US contracts for civil engineering and construction projects in Libya such as the Great Man-Made River project. While French officials claim they will press their oil companies to reduce imports of Libyan oil, and Spain has discontinued government-to-government oil purchases from Libya (for reasons unrelated to US sanctions), we have no evidence that other countries are cutting back oil purchases in response to US sanctions.

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ARGENTINA

Actions Supporting US Sanctions

- An Argentine petroleum company -- Yacimientos Petroliferos Fiscales -- reached a preliminary agreement with Occidental Petroleum to assume its operations in Libya but offered not to conclude the agreement if Washington objected. [REDACTED]

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Actions Undermining US Sanctions

- In early January, the French press announced that Argentina had sold two British-built destroyers to Libya. Although the Argentine government denied the allegations, we believe that negotiations were underway and Buenos Aires only halted them when the deal was made public. [REDACTED]

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AUSTRIA

Actions Supporting US Sanctions

- Vienna has indicated it will advise Austrian firms not to undercut US sanctions. The Austrians have also said they would not criticize US policy publicly, and that former Chancellor Bruno Kreisky, who met with Qadhafi on 11 February, was acting as a private citizen whose views were strictly his own -- Vienna has been embarrassed by some of Kreisky's statements defending Libya and criticizing the United States. [REDACTED] 25X1
- According to an Embassy London source, Vienna instructed the Austrian Oil Company not to expand its operations in Libya in any way. [REDACTED] 25X1
- Vienna told the United States on 14 February that it would issue no further export licenses for arms to Libya. Interior Minister Blecha said later that under current circumstances he sees no prospect of resuming shipments to Libya of the remaining 100 howitzers in a 1985 deal calling for the delivery of 200; 100 were shipped last summer, but are believed to have been diverted to Iran. Vienna also assured the United States that despite press allegations, it is not selling plastic pistols to Libya or any other Middle Eastern country. [REDACTED] 25X1
- Vienna also has decided to require visas for holders of Tunisian passports and -- according to press reports -- possibly for some Arab diplomats. [REDACTED] 25X1
- It has made demarches in Tripoli, Teheran and Damascus requesting clarification of their possible support for terrorism. [REDACTED] 25X1
- In response to Libyan disclaimers of the Vienna and Rome airport attacks and terrorism in general, Foreign Minister Gratz said publicly that actions must now follow words. [REDACTED] 25X1
- Interior Minister Blecha initiated a 15 February meeting in Switzerland to discuss anti-terrorism cooperation with France, Italy, and Switzerland. [REDACTED] 25X1

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Actions Undermining US Sanctions

-- Vienna has refused to take part in the sanctions against Libya, claiming that Austria, as a neutral, could only participate in sanctions applied by the UN Security Council. [REDACTED]

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-- Senior Austrian officials, especially Interior Minister Blecha, have publicly said that interrogations of the terrorists involved in the Vienna airport attack implicated Syria and Iran, not Libya. [REDACTED]

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BELGIUM

Actions Supporting US Sanctions

- Belgian officials have told US representatives they will work in concert with the EC to fight terrorism and will discourage Belgian firms from replacing US firms departing from Libya. [REDACTED] 25X1
- Brussels withdrew all official government representation to a trade delegation that visited Libya in January and ordered its Ambassador in Tripoli to avoid all official events involving the delegation. As a result of government pressure, several large Belgian firms, including Societe Generale and the Brussels-Lambert Group, withdrew from the tour. [REDACTED] 25X1
- The Belgian Foreign Ministry is considering a reduction in the Libyan presence in Brussels to the level of Belgium's in Tripoli. [REDACTED] 25X1
- Brussels is also considering tightening control over the movement of Libyan diplomats. [REDACTED] 25X1

Actions Undermining US Sanctions

- Government officials have stated that Brussels will continue to follow its traditional policy opposing economic sanctions. [REDACTED] 25X1
- Despite government calls to cancel its trip, a private Belgian trade delegation visited Tripoli the week of 27 January. [REDACTED] 25X1

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CANADA

Actions Supporting US Sanctions

- Ottawa has offered strong rhetorical support for US actions and urged Canadian firms not to undercut sanctions; in addition, it has called on Japan and the EC to be tougher on Libya and decried "limp" European reaction. [] 25X1
- The Canadian firm Roper & Associates decided not to recruit workers for Libyan oil fields. [] 25X1
- The government also has cancelled export insurance for business with Libya and banned the export of some oil and gas equipment. [] 25X1
- Alberta's premier strongly supported US actions and urged provincial workers not to replace Americans. [] 25X1
- Recent polls showed Canadians were in favor of Ottawa implementing tougher economic sanctions. [] 25X1

Actions Undermining US Sanctions

- An employment agency in Calgary announced it was swamped with calls asking for jobs in Libya, but the US Embassy in Ottawa reports most of the applicants were unqualified. []

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DENMARK

Actions Supporting US Sanctions

- On 20 January, Ministry of Foreign Affairs Political Director Dyvig privately criticized members of a visiting Libyan delegation for Libya's statements supporting terrorism. [] 25X1
- On 6 February the Foreign Ministry announced it would reduce its representation in Tripoli from the ambassadorial level to the charge d'affaires level because of cost and lack of sufficient Danish activity in Libya -- Copenhagen publicly has emphasized that it decided on this action prior to the Rome and Vienna terrorist attacks. [] 25X1
- Copenhagen favors strong international action against terrorism. [] 25X1
- Denmark is considering denying a Libyan request to increase the staff of the Libyan People's Bureau in Copenhagen from 5 to 8. [] 25X1

Actions Undermining US Sanctions

- Foreign Minister Ellemann-Jensen has publicly said he doubts the efficacy of economic sanctions. [] 25X1
- Denmark has indicated that it would only implement economic sanctions as part of an EC-wide policy. [] 25X1

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EUROPEAN COMMUNITY

Actions Supporting US Sanctions

- EC Foreign Ministers in late January decided to ban the export of arms or other military equipment to countries which are clearly implicated in supporting terrorism.

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- The Twelve resolved that their citizens and industry should not take commercial advantage from measures implemented by other states in reaction to terrorist attacks.

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- The Twelve decided to strengthen cooperation to improve their own defenses against terrorism in areas such as security at airports, border controls, visa policies, and the abuse of diplomatic immunity. The EC also set up a special terrorism working group to coordinate common action.

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Actions Undermining US Sanctions

- The arms export ban and the other actions make no direct reference to Libya or to US sanctions against Libya.

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- EC member states are free to interpret the meaning of the arms ban as they see fit.

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- The EC Commission has increased subsidies on butter exports to Libya by 13 percent, using a new export subsidy scheme that keeps the amount of subsidy secret, according to press reports. The EC sells Libya about 7200 tons annually, and accounts for about 80 percent of the market there.

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FINLAND

Actions Supporting US Sanctions

-- None

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Actions Undermining US Sanctions

-- Helsinki will not impose economic sanctions against Libya; it would reconsider only if a wide international consensus develops or if the UN Security Council recommends such action.

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-- Government officials have publicly rejected the use of economic sanctions as a means of dealing with terrorism.

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FRANCE

Actions Supporting US Sanctions

- In comments to reporters after his meeting with Deputy Secretary Whitehead on 22 January, Foreign Minister Dumas confirmed that France would not try to benefit from the US withdrawal from Libya. He also said that the EC was intent on "accentuated cooperation" in the fight against terrorism. In addition, Dumas said publicly on 26 January that France favors a "merciless war against terrorism." [REDACTED]

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- Michel de Bonnecourse, head of the French Foreign Ministry office that handles energy and transportation, told US diplomats in late February that Paris would comply with US requests and ask French oil companies to stop buying Libyan oil. France purchases Libyan crude only on the spot market, according to the official, and the oil comes via the Soviet Union. Bonnecourse did not specify precisely what Paris would do to try persuade French firms to go along. [REDACTED]

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- On 26 February, another senior Foreign Ministry official, North African Sub-Director Frederic Grasset, told a US diplomat that in response to the resumption of hostilities in Chad, Paris had "stopped everything to the Libyans." Grasset elaborated that this meant especially shipments of parts for civilian aircraft. He went on to say, however, that Paris frankly considers US appeals for French participation in sanctions of secondary importance in light of Libyan military activities in Chad. [REDACTED]

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[REDACTED] 25X1 [REDACTED]

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[REDACTED]

[REDACTED]

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Actions Undermining US Sanctions

[REDACTED]

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-- On two separate occasions in late February, Bonnacourse and Grasset deflected requests from US diplomats that Paris cease servicing Libyan commercial airliners.

[REDACTED] Air France regularly maintains Libyan Boeing 727s at Orly airport outside Paris and overhauls Libyan 727s at Toulouse Airport. Bonnacourse cited three reasons for not forcing Air France to cancel the maintenance contracts:

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- o If France were to stop the servicing Libya would have little difficulty moving its business to Eastern Europe.
- o The servicing contracts enable French mechanics to gather valuable intelligence on Libyan aircraft and ensure that the 727s are indeed being used only for commercial purposes.

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[REDACTED]

[REDACTED]

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[REDACTED]

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- o France believes the servicing relationship gives Paris an important advantage -- in a crisis France could stop servicing abruptly, temporarily grounding a portion of the Libyan fleet.

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GREECE

Actions Supporting US Sanctions

- Athens has condemned terrorism in general terms. [] 25X1
- It has taken measures to prevent terrorist incidents in Greece by reinforcing already-tight security measures at Athens airport and expanding efforts to police the large Arab community in Athens. [] 25X1
- At the request of the US, the Greeks have spoken with the Syrians about Abu Nidal's operations in Damascus. [] 25X1
- Foreign Minister Papoulias told US officials privately that Greece is not now selling arms to Libya nor would it in the future. [] 25X1

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- Athens and Rome agreed to strengthen cooperation against terrorism on 4 February, at both the political as well as technical level. [] 25X1

Actions Undermining US Sanctions

- A Greek government spokesman, in response to press queries, said publicly that Greece is "making full use" of its economic agreement with Libya, including the possibilities for arms sales -- a statement that casts doubt on Foreign Minister Papoulias' assurances to the contrary. [] 25X1
- Athens also has said publicly that it would not apply economic sanctions against Libya. [] 25X1
- Greece -- in cooperation with Spain, France, and Italy -- successfully blocked the inclusion of any specific reference to Libya in the joint EC statement on terrorism. [] 25X1

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- Foreign Minister Papoulias, as well as Greek political leaders, received the Libyan Deputy Foreign Minister on 17 January. [REDACTED] 25X1
- Foreign Minister Papoulias stated publicly on 21 January that no Greek government official recognizes the involvement of Qadhafi in terrorist attacks. Moreover, he claimed Greece had evidence that Qadhafi was not involved in the terrorist attacks at the Rome and Vienna airports. [REDACTED] 25X1
- Prime Minister Papandreou said in a news conference in New Delhi on 27 January that Greece would not allow US bases in Greece to be used in the event of a US attack against Libya. He also reiterated his opposition to US sanctions against Libya. [REDACTED] 25X1

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ICELAND

Actions Supporting US Sanctions

-- None

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Actions Undermining US Sanctions

-- The government has said that it will not participate in trade sanctions because its economic ties with Libya consist only of one weekly airline flight between the two countries.

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INDIA

Actions Supporting US Sanctions

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- New Delhi's reaction to the Rome airport attack and to US policy contrasts sharply with its practice under Indira Gandhi of viewing Arab-sponsored terrorism as the expression of nationalist movements. It is another sign of changing attitudes in New Delhi in the wake of Indo-US cooperation against Sikh terrorism last spring. [REDACTED]

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- Under Rajiv's leadership, New Delhi has been increasingly cool toward Qadhafi, politely ignoring Qadhafi's hints that he would like to visit India. The Indian press has been sympathetic to the idea that Qadhafi must be contained. [REDACTED]

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IRELAND

Actions Supporting US Sanctions

- Dublin has supported recent EC actions on terrorism. [] 25X1
[] 25X1
- The Irish government is slowly reducing the number of visas it issues to Libyan students, and has offered to give Washington the "fullest possible" information about Libyan activities in Ireland. [] 25X1
- Irish officials received a Libyan delegation that was touring Western Europe in late January and questioned it sharply on possible Libyan ties to the IRA. [] 25X1

Actions Undermining US Sanctions

- Dublin has said that it would not individually, or as part of the EC, support sanctions against Libya. The Irish press quoted government sources as saying that on a previous occasion when Ireland cooperated with the US on sanctions against Libya -- in withdrawing the sale of an Aer Lingus 707 to Qadhafi in 1981 -- Dublin was "double-crossed" because the gap was filled by a US company selling a Boeing plane through a European group. [] 25X1
- Opposition Fianna Fail Party leader and former Prime Minister Haughey has also publicly condemned US sanctions. [] 25X1
- Private firms continue to pursue a lucrative, one-sided cattle trade -- worth more than \$30 million in 1985 -- with Libya. [] 25X1

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ITALY

Actions Supporting US Sanctions

-- Prime Minister Craxi extended a 1981 ban on new "lethal" arms sales to Libya to include all military equipment and suspended existing contracts. The ban became effective on 11 February and requires government approval for nearly all exports to Libya -- including most non-military goods. Previously approved but undelivered merchandise also must be reauthorized. Rome does not intend to prohibit non-military sales, but apparently believes that examining all transactions provides a better means of enforcing the ban and monitoring bilateral trade. [REDACTED]

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-- The ban is likely to affect about 40 military and military-related products primarily manufactured by publicly-owned companies in the IRI and EFIM conglomerates. It could also have a strong impact on the private sector firm, Fiat; Fiat's outstanding contract to provide the Libyan army with 3,800 trucks -- 300 of them specialized military vehicles -- is likely to be the strongest test of the government's embargo. [REDACTED]

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-- Craxi stated on 9 January that he will order Italian public-sector companies not to step in behind departing US firms in Libya, and he will apply moral suasion to prevent private firms from doing so. The state-owned oil company ENI and the privately-owned chemicals conglomerate Montedison have assured the government that they will not step in, according to the US Embassy in Rome. Craxi admits that he cannot prevent small private firms from replacing US companies. [REDACTED]

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-- The Italian government initiated a study of its economic and political ties with Libya with the declared aim of gradually reducing those ties in the future. [REDACTED]

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-- Craxi made a firm statement condemning state-supported terrorism on 28 January, specifically citing both Libya and Syria. [REDACTED]

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-- Craxi has rejected Qadhafi's offer to dissuade other Arab nations from carrying out terrorist acts in Italy in return for Italy denying the United States use of Italian bases for a military attack on Libya. Craxi has also rejected Maltese offers to arrange a meeting with Qadhafi. [REDACTED]

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JAPAN

Actions Supporting US Sanctions

-- Tokyo has advised Japanese companies not to fill in for departing US companies. [REDACTED]

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LUXEMBOURG

Actions Supporting US Sanctions

- Luxembourg called for the EC to specifically mention Libya as a country that sponsors terrorism. [REDACTED]
- The government sent a letter to the Luxembourg Chamber of Commerce advising its members not to take advantage of economic opportunities in Libya caused by departing US firms. [REDACTED]

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Actions Undermining US Sanctions

- We have no specific information indicating that Luxembourg or any of its companies is undercutting the US sanctions. [REDACTED]

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MALTA

Actions Supporting US Sanctions

-- None.

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Actions Undermining US Sanctions

-- Maltese Prime Minister Mifsud Bonnici has repeatedly condemned the US actions against Libya, claiming that they have increased tensions in the Mediterranean.

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-- After a quick trip to Tripoli in mid-January, Bonnici offered to mediate the US-Libyan dispute directly, and in late January he called for a conference of nine Mediterranean states to defuse tensions in the area by agreeing not to use force against one another.

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-- Bonnici has relayed messages from Qadhafi to Italian Prime Minister Craxi on at least two occasions asking for a meeting and for Italian guarantees not to allow the use of NATO bases for a US attack on Libya.

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NETHERLANDS

Actions Supporting US Sanctions

-- The Hague claims it is discouraging Dutch firms from replacing US companies in Libya. [REDACTED]

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-- The government claims it lobbied for an EC-wide arms embargo directed specifically against Libya and for reviving an EC working group on airport security. [REDACTED]

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Actions Undermining US Sanctions

-- Government officials have publicly said that economic sanctions will not hurt the Libyan economy enough to alter Qadhafi's support for terrorists. [REDACTED]

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-- The Dutch Foreign Minister has been particularly outspoken in his criticism about the lack of US consultations prior to imposition of sanctions and has repeatedly expressed fears that US sanctions might sour relations in the Atlantic Alliance. [REDACTED]

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NORWAY

Actions Supporting US Sanctions

- Oslo has assured US officials that it will attempt to persuade Norwegian businesses and technicians not to replace Americans leaving Libya. [REDACTED]
- The government has restated its long-standing ban on military sales to Libya. [REDACTED]

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Actions Undermining US Sanctions

- Oslo has publicly questioned the effectiveness of economic sanctions and has refused to implement sanctions of its own. [REDACTED]

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PORTUGAL

Actions Supporting US Sanctions

- Lisbon has publicly condemned "blind terrorism." [] 25X1
- In late January, Lisbon refused entry for several Libyan "commercial emissaries" trying to arrange arms purchases with INDEP, the state-owned arms manufacturer. [] 25X1

Actions Undermining US Sanctions

- Foreign Minister Pires de Miranda publicly emphasized that Portugal would support unified EC action, but would not act alone. He argued that economic sanctions do not work, and that Portugal is too small and vulnerable to be able to take independent action. [] 25X1
- On 9 January Pires de Miranda clarified earlier confusion about the use of Lajes Air Base and told US Embassy officials that Portugal would not accept the use of Lajes by the US for military action against Libya without prior Portuguese authorization. [] 25X1

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SOUTH KOREA

Actions Supporting US Sanctions

- South Korean government officials have provided some public support for US efforts to combat terrorism.

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Actions Undermining US Sanctions

- Seoul has not responded to US demarches to enlist full support for sanctions and to discipline firms that have been caught circumventing them. Seoul has told US officials that it can do little to support sanctions because of South Korea's large economic stake in Libya.

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SPAIN

Actions Supporting US Sanctions

- A Foreign Ministry official stated publicly on 8 January that Spain is against terrorism as a matter of principle and will adopt measures agreed upon by the European Community. [REDACTED] 25X1
- Another Foreign Ministry official stated publicly on 11 January that movements of Libyans in Spain are being closely watched. Spain now requires visas for Libyans entering the country. [REDACTED] 25X1
- Spain has taken steps to prevent arms exports to Libya. Rather than formally abandoning outstanding arms contracts, however, Madrid has told the companies that there will be "administrative difficulties" and that the exports will not occur. [REDACTED] 25X1
- Madrid has told the state-holding company, INI (which includes both petroleum and construction companies), not to permit Spaniards to take the places of departing Americans. [REDACTED] 25X1

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Actions Undermining US Sanctions

- Foreign Minister Fernandez Ordonez has stated publicly that Spain is "in principle and as a general rule" opposed to embargoes and economic sanctions due to their ineffectiveness. [REDACTED] 25X1

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- Madrid opposed the inclusion of a reference to Libya in the EC declaration on terrorism that resulted from the EC Council of Ministers meeting 20-21 January 1986. [REDACTED] 25X1

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SWEDEN

Actions Supporting US Sanctions

- Stockholm will continue to prohibit arms exports to the region. [redacted]

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Actions Undermining US Sanctions

- The government has publicly said that, as a neutral country, Sweden will not participate in economic sanctions unless they are approved by the United Nations. [redacted]
- Government officials have told US Embassy officers that Stockholm lacks authority to prevent private Swedish firms from filling in for departing US companies. [redacted]

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SWITZERLAND

Actions Supporting US Sanctions

-- Bern has tightened border controls and visa requirements for Libyans, and plans to limit the size and activities of Libyan missions. It has also expressed willingness to increase international cooperation against terrorism. [REDACTED]

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-- Government officials claim they will try to stop Swiss firms from filling in gaps created by US companies departing from Libya. [REDACTED]

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-- The Swiss government hosted the 15 February meeting in Bern with the ministers responsible for internal security from France, West Germany, Italy and Switzerland, in which the participants agreed to cooperate in the fight against terrorism. [REDACTED]

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-- Bern has made public its already-existing policy of not approving arms exports to Libya. [REDACTED]

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Actions Undermining US Sanctions

-- Swiss officials have publicly said the government will not apply economic sanctions. [REDACTED]

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TURKEY

Actions Supporting US Sanctions

- A Turkish official claimed to US Embassy representatives in Ankara on 14 January that Turkey has "quietly limited" dealings with Libya by avoiding transfers of arms, ammunition, high technology, and petroleum technology; it is unclear what this implies for Turkish military construction projects in Libya. [REDACTED] 25X1
- Ambassador Elekdag told Assistant Secretary Ridgway that Turkey's economic relations with Libya are declining and he "believed" Turkey would not try to fill in for Americans who leave Libya. [REDACTED] 25X1
- Elekdag also said Turkish training of Libyan military personnel is gradually being phased out, with no more trainees to be accepted once 36 Libyan cadets finish schooling at the Turkish naval academy. [REDACTED] 25X1

Actions Undermining US Sanctions

- On the fringes of the Islamic Conference meeting in Morocco on 8 January, Foreign Minister Halefoglu met with the Libyan Foreign Minister, and according to a press report, said that isolating Libya would be against the best interests of the West. [REDACTED] 25X1
- Prime Minister Ozal told the press on 10 January that Turkey would have to review President Reagan's request for sanctions in the light of its own good relations with Libya. [REDACTED] 25X1
- In a 13 January press conference, President Evren criticized US sanctions as "not useful" and said they represented a hasty decision made without prior consultation with allies and in the absence of proof of Libyan involvement in the airport attacks. [REDACTED] 25X1
- President Evren's 16 January reply to President Reagan's letter suggested that Turkey will not apply sanctions, arguing that Turkey's current relationship with Libya is mainly economic and does not involve weapons and ammunition sales or petroleum technology exports. [REDACTED] 25X1

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[REDACTED]
25X1[REDACTED]
25X1

[REDACTED]

-- Following Deputy Secretary Whitehead's visit, Prime Minister Ozal was quoted in the press as saying that Turkey would not agree to a proposal to stop buying oil from Libya because it is "unthinkable" for Turkey to sever its trade relations with Libya. He said Turkey would trade with everyone in accordance with Ataturk's principle of "peace at home, peace in the world." Ozal also said it was not true that there was agreement on the isolation of Libya, as the Deputy Secretary reportedly claimed. [REDACTED]

[REDACTED]

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UNITED KINGDOM

Actions Supporting US Sanctions

- British diplomats have reaffirmed to US officials their resolve to fight terrorism and said London would encourage other Allies to take steps similar to those taken by the UK after the shooting at the Libyan Embassy in 1984. [REDACTED] 25X1
- They also said London would discourage British companies from replacing US firms and specialists. [REDACTED] 25X1
- London pressed its EC partners to adopt an arms embargo against Libya and to express public support for US efforts to oppose state-sponsored terrorism, particularly that supported by Libya. [REDACTED] 25X1

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WEST GERMANY

Actions Supporting US Sanctions

-- Bonn has said that it will not export arms to Libya and that it will apply strict criteria to requests for licenses to export COCOM items to Libya. On dual-use high technology products, West German authorities have said they will check carefully to ensure the primary use is not military. [REDACTED]

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-- Bonn claims it has undertaken intensive, high-level talks with German industry to ensure that firms do not undercut US sanctions. [REDACTED]

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-- Bonn will provide export credit guarantees only to West German companies that declare they are not falling in behind US firms. In addition, the government will limit future export credit guarantees to \$7.5 million per contract, and will not provide export credit guarantees for US equipment included in German exports. [REDACTED]

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-- Officials have indicated that the government is using greater care in monitoring Libyans in Bonn and in reviewing visa requests by Libyans. [REDACTED]
[REDACTED] West German authorities are in fact more carefully monitoring the Libyan presence in Bonn and are not allowing Libyans to enter West Berlin from East Berlin. [REDACTED]

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Actions Undermining US Sanctions

-- Various government officials have publicly stated their belief that economic sanctions do not work and that West Germany will not take part in them. [REDACTED]

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-- Bonn has qualified its pledge to refuse export insurance for sales to Libya exceeding \$7.5 million per contract -- agreements that predate US sanctions can receive export insurance in excess of the limitation. Contracts that fall into this category include: Siemens' telecommunications equipment, a fertilizer plant, and a facility to produce electrical cable sheathing.

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SUBJECT: Libyan Sanctions Update #1

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DDI/EURA/WE [] (7 March 1986)

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